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U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

September 14, 2006

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The Honorable Richard C. Shelby
Chairman
The Honorable Paul S. Sarbanes
Ranking Member
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
SD-534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Shelby and Ranking Member Sarbanes:

As the 109th Congress enters its final weeks, there are a handful of important legislative initiatives on which our respective Committees have spent a great deal of time and effort, but which have yet to be resolved. While the differences between the House and Senate measures are relatively small in most cases, time is not on our side. In our opinion, one of the most urgent of these issues is regulatory reform of the government-sponsored entities, or GSEs.

Accounting violations and corporate mismanagement by the GSEs have brought to light the fact that current GSE regulators lack many of the supervisory and enforcement powers bank regulators can wield. We must remedy this situation by consolidating GSE regulation and providing the tools needed to oversee these large, complex financial institutions. Both H.R. 1461 and S. 190 create a strong independent agency to ensure the GSEs operate in a safe and sound manner and comply with their statutory missions.

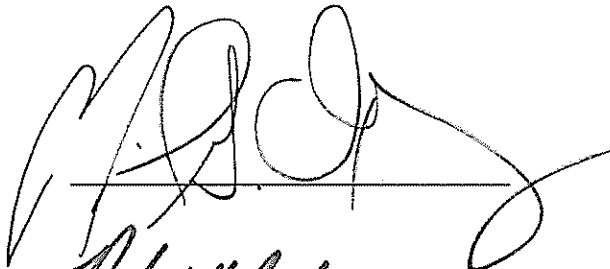
We believe firmly that the outstanding differences in the GSE legislative debate are less than ever before and that final agreement can be reached this session. We note with approval the renewed energy brought to the debate by Treasury Secretary Paulson, as well as OFHEO Director Lockhart.

The purpose of this letter is to express our desire to work with you to find creative compromises to achieve our bicameral, bipartisan goal of strengthening GSE oversight and ensuring the stability and accountability of these institutions. This Congress should not close without addressing the serious inadequacies of the current GSE regulatory system.



The Honorable Richard C. Shelby
The Honorable Paul S. Sarbanes
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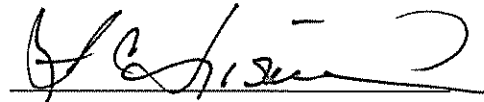
We, the undersigned members of the House Committee on Financial Services, urge you to act expeditiously in the full Senate so that we may proceed to a conference committee, where we can work together to send this vital legislation to the President this year. We believe we have a unique opportunity to enact robust, comprehensive GSE reform. We pledge our cooperation, our good faith, and our best efforts to achieve this end and urge Senate action.

Yours truly,

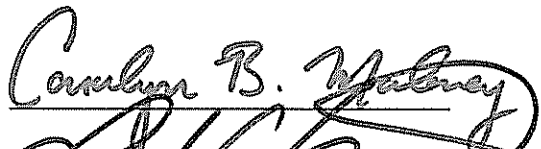


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Bob Ney

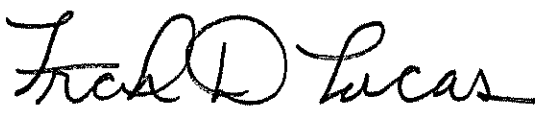

J. E. Hinson

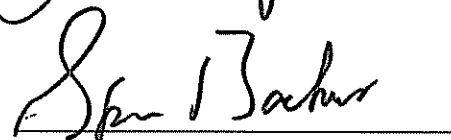

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The Honorable Richard C. Shelby, Chairman
The Honorable Paul S. Sarbanes, Ranking Member
Senate Banking Committee

Letter Signatories

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Congressman Paul Kanjorski
Congressman Jim Leach
Congressman Steven C. LaTourette
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